

Message Text

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ACTION EB-07

INFO OCT-01 AF-06 EA-07 IO-10 ISO-00 ERDA-05 AID-05 CEA-01

CIAE-00 CIEP-01 COME-00 DODE-00 FEAE-00 FPC-01 H-02

INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04

USIA-06 SAM-01 OES-03 SP-02 SS-15 STR-04 TRSE-00 PA-01

PRS-01 EUR-12 ARA-06 NEA-10 /132 W

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R 300900Z SEP 75

FM AMEMBASSY DAR ES SALAAM

TO SECSTATE WASHDC 9649

INFO AMEMBASSY NAIROBI

USMISSION USUN NEW YORK

USLO PEKING

AMCONSUL ZANZIBAR

C O N F I D E N T I A L DAR ES SALAAM 4497

E.O.11652: GDS

TAGS: ENRG, EFIN, PFOR, TZ, CH, OPEC

SUBJECT: TANZANIA'S OIL PROBLEMS AND THEIR SPILLOVER

BEGIN UNCLASSIFIED

1. TANGOV OWNED PRESS SEPT. 29 REPORTED THAT IN WAKE DECISION TO RAISE PRICE OF OIL BY 10 PERCENT, TANGOV HAD APPEALED TO OPEC TO REALIZE HEAVY BURDEN LDC'S BEING ASKED TO CARRY AS RESULT CONTINUOUS PRICE INCREASES. COMMENTING ON SATURDAY'S DECISION, MIN. OF COMMERCE JAMAL SAID OPEC NATIONS WERE "APPEARING TO TURN THEIR BACKS ON THE DEVELOPING COUNTRIES, PARTICULARLY THE LEAST DEVELOPED." JAMAL POINTED OUT THAT LATEST INCREASE WOULD ADD NEARLY \$10 MILLION TO TANZANIA'S OIL COSTS.

2. IN ANOTHER INFREQUENT PUBLIC DISCLOSURE OF HARD TIMES, GOV'T PRESS OVER WEEKEND CARRIED ARTICLE NOTING THAT TANZANIA HAD SUFFERED OVERALL BALANCE OF PAYMENTS DEFICIT OF \$89 MILLION
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AND A CURRENT ACCOUNT DEFICIT OF \$312 MILLION IN CALENDAR 1974.

RETAIL PRICES ROSE 76 PERCENT FOR 12 MONTHS PERIOD ENDING
MARCH 75.

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3. UK BORN TANZANIAN NATIONAL WHO IS MEMBER PARLIAMENT AND
CONFIDANT PRES NYERERE, MARY HANCOCK, TOLD DCM THAT JAMAL
REACTED EMOTIONALLY WHEN OPEC DECISION ANNOUNCED SEPT. 27. JAMAL
CHARACTERIZED TO HANCOCK LATEST INCREASE AS "DEVASTATION" OF
TANZANIAN ECONOMY.

4. AMCIT HEAD OF ESSO OFFICE HERE TOLD US THAT WHILE IN CHINA
LAST WEEK, MIN. FIN. MSUYA HAD ASKED PRC FOR LONG TERM SUPPLY
OF CRUDE AT FAVORABLE PRICES. MSUYA WAS COMPLETELY REBUFFED
AND EXPRESSED SHARP DISAPPOINTMENT WITH CHINESE.

5. ADDING TO TANGOV' S OIL PROBLEMS, WE HEAR THAT ALL MAJOR OIL
SUPPLY/DISTRIBUTOR FIRMS IN TANZANIA WILL NOW REQUIRE CASH IN
ADVANCE FOR CRUDE SHIPMENTS TO REFINERY, THUS PUTTING FURTHER
STRAIN ON TANGOV'S VIRTUALLY DEPLETED FOREIGN RESERVES.

6. COMMENT: PRESS CRITICISM OF OPEC REPRESENTS SHIFT FROM
GENERAL TANGOV POLICY OF DEFENDING OPEC'S RIGHT TO INCREASE
PRICES (SEE E.G. DAR 2260 FO JULY 1974). ARABS HAVE YET TO PRO-
VIDE TANZANIA WITH OFFSETTING ASSISTANCE AND LATEST PRICE HIKE
COMES WHEN TANZANIA IN DEEP FINANCIAL TROUBLE. (IMF REPORT
OF AUGUST ON ECONOMIC DEVELOPMENTS IN TANZANIA DETAILS CURRENT
AND NEAR TERM DEPTH OF ECONOMIC TROUBLES.)
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